

## IC MEMORANDUM 10-17



**TO:** KEHP Insurance Coordinators

**FROM:** Department of Employee Insurance (DEI)

**RE:** Extension of COBRA Premium Subsidy Program – IC Responsibilities

**DATE:** April 20, 2010

Commonwealth of Kentucky  
Personnel Cabinet  
Department of Employee Insurance  
2<sup>nd</sup> Floor, State Office Building  
501 High Street  
Frankfort, Kentucky 40601

Web Site: <http://kehp.ky.gov>

Congress has extended for a third time the COBRA subsidy eligibility period under The American Recovery and Reinvestment Act of 2009 (ARRA). Enacted April 15, the Continuing Extension Act of 2010 extends ARRA to May 31, 2010.

The previous extension of the 15-month, 65 percent federal premium subsidy for involuntarily terminated employees expired March 31. The Continuing Extension Act further extends the COBRA subsidy eligibility period by two months to May 31, 2010. Assistance-eligible individuals will be eligible for up to 15 months of the subsidy.

**It's important to note that this recent amendment to ARRA's COBRA subsidy program, as with others in the past, will not affect those assistance-eligible individuals who are already receiving the premium reduction and who remain eligible to continue to receive the subsidy for up to 15 months.**

The subsidy program was first enacted as part of ARRA. It has been amended several times, including by the Temporary Extension Act in March 2010, which made the subsidy available to an additional group of qualified individuals. Individuals who experience an involuntary termination of employment on or after March 2, 2010, that follows a reduction in hours of employment occurring on or after September 1, 2008, are eligible for the subsidy program. Under COBRA there is no second qualifying event that follows a reduction in hours of employment. However, under ARRA, **employers will need to report these second events.**

Also, as in the previous extension, if the qualified beneficiary did not elect coverage as a result of their reduction in hours, the assistance-eligible individual would be entitled to elect COBRA as of the involuntary termination of employment, and any gap in coverage would be disregarded for purposes of pre-existing condition limitation.

Ceridian will continue to handle all notices, elections and collections of premiums. Additionally, Ceridian will continue to reach out to Insurance Coordinators to determine whether KEHP members have been involuntarily terminated. **Ceridian has requested that Insurance Coordinators respond to such requests within three business days.** If a response is not received from the agency, Ceridian will send a denial letter to the member. **Please note the importance of responding to Ceridian's request in a timely manner.**

As always, please feel free to contact Sherry Davis or Margaret Hensley in DEI's Member Services Branch at 888-581-8834 with any questions about the COBRA subsidy.

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